GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3544
ANSWERED ON:27.04.2007
INCREASE IN INSURANCE PREMIUM ON VEHICLES
Bhadana Shri Avtar Singh

Will the Minister of FINANCE be pleased to state:

(a) whether insurance companies have decided to enhance the third party insurance premium for cars and other vehicles; and

(b) if so, the reasons and details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAW AN KUMAR BANSAL)

(a) & (b): Tariff Advisory Committee (TAC) has notified the discontinuance of tariff in various classes of insurance business w.e.f. 1st January, 2007, Considering the mandatory nature of motor third party insurance and anticipating a steep hike in its premium due to high claim ratio, the IRDA by virtue of powers vested in the Authority under Section 14(2)(1) of IRDA Act, 1999 advised all non-life insurers to ensure that motor third party insurance cover is made available to all motor owners without any problem and prescribed a schedule of premium rates for motor third party liability cover for different types of vehicles. Different associations of motor transporters considered the rates for motor third party premium to be high and made representations to IRDA and the Government. After negotiations with motor transporters associations and with the general insurance companies, IRDA issued a revised schedule of motor insurance premium rates on 23rd January 2007, and the same is available on IRDA`s website www.irdaindia.org.